

# STOP DEBT VULTURES



Date:

Dear \_\_\_\_\_ MP

The financial crisis has exposed a global financial system which urgently needs cleaning up. I am particularly concerned about "vulture funds", private companies that profiteer from poor country debts, buying them up cheaply and suing the poor country for massive profits. At least 54 companies, many based in tax havens, are known to have taken legal action against 12 of the world's poorest countries in recent years, for claims amounting to \$1.5 billion. This means money released by international debt relief initiatives is going into the pockets of wealthy investors, not spent on health and education.

In November 2010 the **NSW Supreme Court** ruled that the Democratic Republic of Congo must pay more than \$30 million to a New York vulture fund called FG Hemisphere. The Congo had completed all requirements to be eligible for debt relief under the Heavily Indebted Poor Countries Initiative (HIPC) and the Multilateral Debt Relief Initiative (MDRI). But before debt relief was formally awarded, FG Hemisphere purchased the debt at a big discount from the original creditor, then sued the Congo for the full amount, plus interest, penalties and legal fees.

Australia has contributed millions in international development assistance to support these debt relief initiatives, including committing another \$100 million in 2010-11, as part of the Government's commitment to increase Overseas Development Assistance over the long term. Yet as the UN Independent Expert on Foreign Debt and Human Rights said on his mission to Australia in February: "It is illogical to grant debt relief to poor countries while at the same time allowing vulture funds to litigate against these countries and thereby dilute the gains from debt relief." In the recent report presented to the Human Rights Commission of the United Nations, following his Mission to Australia (7-11 February 2011), the Independent Expert on Foreign Debt and Human Rights, Dr Lumina: "...calls upon the Government of Australia to bolster its commitment to debt relief by urgently enacting legislation to limit the ability of vulture funds to use Australian courts at the expense of both Australian taxpayers and the citizens of the poor countries for whose benefit it contributes to multilateral debt relief."

In 2010 the UK Government took action to prevent vulture funds from exploiting the poorest countries in the world through British courts. The Debt Relief (Developing Countries) Act 2010, made permanent in 2011, stops the unjust actions of a few unscrupulous companies having a huge impact upon the futures of some of the poorest countries in the world.

By following in the footsteps of the UK and enacting specific legislation, Australia would ensure that a vulture fund never again exploits one of the poorest countries in the world within our courts.

I am writing to encourage you to raise this matter with the Foreign Minister Kevin Rudd and urge the enactment of legislation to prevent our legal system from being involved in such morally abhorrent practices, at the expense of the world's poor.

Yours sincerely,

Name:

Address:

Phone:

STOP DEBT VULTURES is a campaign of Jubilee Australia. Jubilee emerged out of the successful international Jubilee 2000 *Drop the Debt* Movement. Today, Jubilee plays a unique role in Australia, digging to the roots of global poverty and injustice, through research-based advocacy exposing and challenging unjust laws and practices that hurt the poor and marginalised and perpetuate long term poverty. Jubilee's work is driven by relationships of solidarity with civil society groups and networks in the Global South who are at the front line in the struggle against extreme poverty and environmental degradation, and who call for economic transformation and global justice, not just charity.

Level 7, 379 Kent Street Sydney / Locked Bag 199 QVB 1230 / (02) 8259 0817 / [www.jubileeaustralia.org](http://www.jubileeaustralia.org)

Γενοί 7, 379 Κεντ Στρίτ Σίδνεϋ / Γκλόκεντ Βάγ 199 ΟΥΒ 1230 / (02) 8259 0817 / [www.jubileeaustralia.org](http://www.jubileeaustralia.org)

Παρακαλώ να μην επιστρέψετε